

**MINUTES OF THE
PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**

Thursday, October 24, 2005 – 1:00 p.m. – Room W135 House Building

Members Present:

Sen. Michael G. Waddoups, Senate Chair
Rep. David Clark, House Chair
Sen. Gene Davis
Sen. Mark B. Madsen
Sen. Ed Mayne
Rep. Stephen D. Clark
Speaker Greg J. Curtis
Rep. Brad L. Dee
Rep. James A. Dunnigan
Rep. Patricia W. Jones
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart

Members Excused:

Sen. John W. "Bill" Hickman
Sen. Peter C. Knudson
Rep. Jackie Biskupski

Staff Present:

Ms. Constance C. Steffen, Policy Analyst
Ms. Allison Morgan, Policy Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Catherine J. Dupont, Associate General Counsel
Ms. Tracey Fredman, Legislative Secretary

Note: A list of others present, copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Task Force Business

Chair Clark called the meeting to order at 1:20 p.m.

MOTION: Rep. Jones moved to approve the minutes of the October 10, 2005 meeting. The motion passed unanimously. Rep. Dee was absent for the vote.

2. Health Care Plans

Mr. Greg Poulsen, Senior Vice President, IHC (Intermountain Health Care, Inc.), discussed a new PPO (Preferred Provider Organization) health plan being offered through IHC. He said a large number of outpatient facilities and some physicians beyond those participating on existing IHC health plan panels have chosen to participate in the PPO plan, but no hospitals other than those on existing IHC health plan panels have chosen to participate. Mr. Poulsen surmised that the reason why other hospitals have declined to participate in IHC's PPO plan is that the hospitals would have jeopardized their relationships with current insurance partners.

Mr. Poulsen stated the cost of the PPO would be about three percent higher than other IHC health plans.

Mr. Jack Towsley, Vice President, MountainStar Healthcare, said they declined to participate in IHC's PPO plan, because IHC has not allowed access to all its plans.

Mr. Larry Jacobs, IASIS Healthcare, said it did not make business sense for them to participate in IHC's PPO plan without knowing what the membership is going to be.

Mr. Mickie Braun, Assistant Commissioner, Department of Insurance, stated they do not know what the impact of the IHC PPO plan may be.

Mr. Chet Loftis, Utah Medical Association, explained how the IHC PPO plan affects physicians. He said that physicians closely aligned with non-IHC hospitals would probably not elect to participate in the plan.

3. Request for Proposals (RFP)

Rep. Dave Clark stated that a subgroup of the Task Force narrowed the proposals submitted in response to the first RFP to three and would like Task Force members to carefully consider those proposals. The three proposals are those submitted by: 1) LECG; 2) Economists, Inc.; and 3) McGuire Woods/COMPASS.

The Task Force scheduled a meeting on November 3, 2005 at 9:00 a.m. to select a proposal.

Chair Clark distributed to Task Force members financial information on various Utah hospitals. He proposed that the Task Force study various financial issues in lieu of pursuing an additional RFP. He proposed that: 1) the hospitals explain their balance and income statements; 2) for-profit and nonprofit hospitals explain their definition of charitable care; and 3) IHC explain how it determines what is an adequate level of reserves.

4. Other Items / Adjourn

Ms. Jennifer Cannaday, Assistant Vice President, Legislative and Regulatory Affairs, RBC/BS (Regence Blue Cross/Blue Shield of Utah), introduced Lori U'ren, Assistant Director of Tax, RBC/BS. Ms. U'ren explained the company's federal tax status. As a 501(c)(m) entity, RBC/BS pays the alternative minimum tax rate of 20%. She said that as the company becomes more profitable over the years, the company will be subject to the full federal income tax.

Mr. Scott Ideson, President, RBC/BS, explained reserve requirements. He stated that reserve requirements are set by the Department of Insurance.

MOTION: Rep. Dee moved to adjourn the meeting. The motion passed unanimously. Sen. Davis, Sen. Mayne, Rep. Stephen Clark, and Rep. Jones were absent for the vote.

Chair Clark adjourned the meeting at 4:03 p.m.